

## **Certification of Parent/Consolidated Financial Statements for Period Ended 30 June 2009**

The attached financial statements of the North Coast Area Health Service for the year ended 30 June 2009:

- i) Have been prepared in accordance with the requirements of applicable Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS), the requirements of the *Public Finance and Audit Act 1983* and its regulations, the Health Services Act 1997 and its regulations, the Accounts and Audit Determination and the Accounting Manual for Area Health Services and Public Hospitals;
- ii) Present fairly the financial position and transactions of the North Coast Area Health Service;
- iii) Have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate;
- iv) The internal controls exercised by the North Coast Area Health Service are appropriate and effective in accounting for all income received and applied by the North Coast Area Health Service from any of its fundraising appeals.



**Chris Crawford**  
Chief Executive

**North Coast Area Health Service**

23 September 2009



**David Drane**  
Acting Executive Director Corporate Services

**North Coast Area Health Service**

23 September 2009



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### North Coast Area Health Service and its controlled entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the North Coast Area Health Service (the Service), which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement, service group statements for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Service and the consolidated entity. The consolidated entity comprises the Service and the entities it controlled at the year's end or from time to time during the financial year.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Service and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

#### Chief Executive's Responsibility for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department Head, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Service or consolidated entity,
- that they have carried out their activities effectively, efficiently and economically,
- about the effectiveness of their internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Achterstraat  
Auditor-General

28 September 2009  
SYDNEY

**North Coast Area Health Service**  
**Operating Statement for the year ended 30 June 2009**

PARENT		CONSOLIDATION				
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>Expenses excluding losses</b>						
Operating Expenses						
0	0	0		534,369	521,588	519,469
534,369	521,588	519,469	3	0	0	0
87,732	83,187	77,941	4	87,732	83,187	77,941
345,389	325,721	296,819		345,389	325,721	296,819
26,746	27,565	29,064	5	26,746	27,565	29,064
7,652	7,559	8,021	2(i), 6	7,652	7,559	8,021
142	157	109	7	142	157	109
142	157	109	8	142	157	109
<b>1,002,030</b>	<b>965,777</b>	<b>931,423</b>	<b>Total Expenses excluding losses</b>	<b>1,002,030</b>	<b>965,777</b>	<b>931,423</b>
<b>Revenue</b>						
103,066	97,257	108,567		103,066	97,257	108,567
1,002	1,160	1,196	9	1,002	1,160	1,196
28,464	26,085	32,441	10	19,980	17,268	23,423
8,180	6,454	5,737	11	8,180	6,454	5,737
8,180	6,454	5,737	12	8,180	6,454	5,737
<b>140,712</b>	<b>130,956</b>	<b>147,941</b>	<b>Total Revenue</b>	<b>132,228</b>	<b>122,139</b>	<b>138,923</b>
(44)	0	(6)	Gain/(Loss) on Disposal	(44)	0	(6)
(1,335)	(848)	(1,135)	Other Gains/(Losses)	(1,335)	(848)	(1,135)
<b>862,697</b>	<b>835,669</b>	<b>784,623</b>	<b>Net Cost of Services</b>	<b>871,181</b>	<b>844,486</b>	<b>793,641</b>
<b>Government Contributions</b>						
807,380	807,380	716,451		807,380	807,380	716,451
30,168	27,745	27,900	2(d)	30,168	27,745	27,900
0	0	0	NSW Department of Health Capital Allocations	8,484	8,817	9,018
0	0	0	Acceptance by the Crown Entity of Employee Benefits	8,484	8,817	9,018
<b>837,548</b>	<b>835,125</b>	<b>744,351</b>	<b>Total Government Contributions</b>	<b>846,032</b>	<b>843,942</b>	<b>753,369</b>
<b>(25,149)</b>	<b>(544)</b>	<b>(40,272)</b>	<b>RESULT FOR THE YEAR</b>	<b>(25,149)</b>	<b>(544)</b>	<b>(40,272)</b>

The accompanying notes form part of these Financial Statements

North Coast Area Health Service  
Statement of Recognised Income and Expense for the year ended 30 June 2009

PARENT		CONSOLIDATION				
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
(50,739)	0	65,917	Net Increase/(Decrease) in Property, Plant and Equipment Asset Revaluation Reserve 20	(50,739)	0	65,917
<u>(50,739)</u>	<u>0</u>	<u>65,917</u>	<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>	<u>(50,739)</u>	<u>0</u>	<u>65,917</u>
(25,149)	(544)	(40,272)	Result for the Year	(25,149)	(544)	(40,272)
<u>(75,888)</u>	<u>(544)</u>	<u>25,645</u>	<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>	<u>(75,888)</u>	<u>(544)</u>	<u>25,645</u>

The accompanying notes form part of these Financial Statements

North Coast Area Health Service  
Balance Sheet as at 30 June 2009

PARENT			CONSOLIDATION				
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	
<b>ASSETS</b>							
<b>Current Assets</b>							
10,859	6,359	11,189	Cash and Cash Equivalents	17	10,859	6,359	11,189
18,297	18,496	16,612	Receivables	18	18,297	18,496	16,612
4,330	4,558	4,822	Inventories	19	4,330	4,558	4,822
786	580	580	Non Current Assets Held for Sale	21	786	580	580
<b>34,272</b>	<b>29,993</b>	<b>33,203</b>	<b>Total Current Assets</b>		<b>34,272</b>	<b>29,993</b>	<b>33,203</b>
<b>Non-Current Assets</b>							
17	126	126	Receivables	18	17	126	126
<b>Property, Plant and Equipment</b>							
565,582	609,188	619,272	- Land and Buildings	20	565,582	609,188	619,272
26,609	39,874	28,356	- Plant and Equipment	20	26,609	39,874	28,356
22,688	23,174	23,540	- Infrastructure Systems	20	22,688	23,174	23,540
614,879	672,236	671,168	Total Property, Plant and Equipment		614,879	672,236	671,168
<b>614,896</b>	<b>672,362</b>	<b>671,294</b>	<b>Total Non-Current Assets</b>		<b>614,896</b>	<b>672,362</b>	<b>671,294</b>
<b>649,168</b>	<b>702,355</b>	<b>704,497</b>	<b>Total Assets</b>		<b>649,168</b>	<b>702,355</b>	<b>704,497</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
77,408	54,132	69,757	Payables	23	77,408	54,132	69,757
5,074	5,168	273	Borrowings	24	5,074	5,168	273
137,508	138,471	135,842	Provisions	25	137,508	138,471	135,842
908	695	1,271	Other	26	908	695	1,271
<b>220,898</b>	<b>198,466</b>	<b>207,143</b>	<b>Total Current Liabilities</b>		<b>220,898</b>	<b>198,466</b>	<b>207,143</b>
<b>Non-Current Liabilities</b>							
8,960	8,963	1,169	Borrowings	24	8,960	8,963	1,169
2,122	2,229	2,229	Provisions	25	2,122	2,229	2,229
895	1,168	1,168	Other	26	895	1,168	1,168
<b>11,977</b>	<b>12,360</b>	<b>4,566</b>	<b>Total Non-Current Liabilities</b>		<b>11,977</b>	<b>12,360</b>	<b>4,566</b>
<b>232,875</b>	<b>210,826</b>	<b>211,709</b>	<b>Total Liabilities</b>		<b>232,875</b>	<b>210,826</b>	<b>211,709</b>
<b>416,293</b>	<b>491,529</b>	<b>492,788</b>	<b>Net Assets</b>		<b>416,293</b>	<b>491,529</b>	<b>492,788</b>
<b>EQUITY</b>							
174,060	225,740	225,740	Reserves	27	174,060	225,740	225,740
242,010	265,511	266,770	Accumulated Funds	27	242,010	265,511	266,770
416,070	491,251	492,510			416,070	491,251	492,510
<b>Amounts recognised in equity relating to assets held for sale</b>							
223	278	278		21	223	278	278
<b>416,293</b>	<b>491,529</b>	<b>492,788</b>	<b>Total Equity</b>		<b>416,293</b>	<b>491,529</b>	<b>492,788</b>

The accompanying notes form part of these Financial Statements.

North Coast Area Health Service  
Cash Flow Statement for the year ended 30 June 2009

PARENT			CONSOLIDATION			
Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000	Notes	Actual 2009 \$000	Budget 2009 \$000	Actual 2008 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
0	0	0		(524,587)	(504,564)	(489,008)
(8,213)	(8,254)	(8,758)		(8,213)	(8,254)	(8,758)
(142)	(157)	(109)		(142)	(157)	(109)
(979,156)	(968,009)	(876,614)		(454,569)	(463,445)	(387,606)
<b>(987,511)</b>	<b>(976,420)</b>	<b>(885,481)</b>		<b>(987,511)</b>	<b>(976,420)</b>	<b>(885,481)</b>
<b>Receipts</b>						
104,534	97,163	108,317		104,534	97,163	108,317
1,002	1,160	1,196		1,002	1,160	1,196
57,940	54,337	56,478		57,940	54,337	56,478
<b>163,476</b>	<b>152,660</b>	<b>165,991</b>		<b>163,476</b>	<b>152,660</b>	<b>165,991</b>
<b>Cash Flows From Government</b>						
807,380	807,380	716,451		807,380	807,380	716,451
31,476	27,745	26,592		31,476	27,745	26,592
<b>838,856</b>	<b>835,125</b>	<b>743,043</b>		<b>838,856</b>	<b>835,125</b>	<b>743,043</b>
<b>14,821</b>	<b>11,365</b>	<b>23,553</b>		<b>14,821</b>	<b>11,365</b>	<b>23,553</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
174	0	751		174	0	751
(28,312)	(28,986)	(33,681)		(28,312)	(28,986)	(33,681)
<b>(28,138)</b>	<b>(28,986)</b>	<b>(32,930)</b>		<b>(28,138)</b>	<b>(28,986)</b>	<b>(32,930)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
13,924	13,924	0		13,924	13,924	0
(366)	(557)	(257)		(366)	(557)	(257)
<b>13,558</b>	<b>13,367</b>	<b>(257)</b>		<b>13,558</b>	<b>13,367</b>	<b>(257)</b>
<b>241</b>	<b>(4,254)</b>	<b>(9,634)</b>		<b>241</b>	<b>(4,254)</b>	<b>(9,634)</b>
11,189	11,189	20,823		11,189	11,189	20,823
(571)	(576)	0		(571)	(576)	0
<b>10,859</b>	<b>6,359</b>	<b>11,189</b>		<b>10,859</b>	<b>6,359</b>	<b>11,189</b>

The accompanying notes form part of these Financial Statements.

North Coast Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2009

SERVICES' EXPENSES AND INCOME	1.1 *		1.2 *		1.3 *		2.1 *		2.2 *		2.3 *		3.1 *		4.1 *		5.1 *		6.1 *		Non-Attributable		Total		
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Operating Expenses	59,407	51,516	4,257	4,194	33,769	36,854	69,257	65,196	218,292	212,771	32,747	32,690	48,886	43,152	47,925	47,762	17,678	15,318	9,151	10,016	15,318	9,151	10,016	534,369	519,469
Employee Related	1,242	1,203	0	3,332	3,183	10,787	9,596	46,729	43,510	13,266	13,002	5,638	4,361	2,813	2,628	454	373	2,949	95	87,732	77,941	87,732	77,941	87,732	77,941
Visiting Medical Officers	19,827	20,403	1,986	2,009	25,191	17,992	31,935	28,083	185,773	169,128	31,373	28,336	12,447	11,117	21,675	4,421	4,402	1,439	1,118	345,389	296,819	345,389	296,819	345,389	296,819
Other Operating Expenses	2,072	3,075	771	213	1,739	1,672	3,053	2,627	12,615	9,335	2,173	3,099	1,960	5,559	1,971	1,712	619	1,090	353	222	26,746	29,064	26,746	29,064	
Depreciation and Amortisation	2,019	2,450	771	801	0	(11)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants and Subsidies	11	11	0	9	11	16	11	16	67	53	12	11	10	4	10	6	4	2	2	2	2	2	2	2	2
Finance Costs	77,578	78,658	7,208	7,217	64,040	59,611	114,448	105,503	473,476	434,737	80,291	77,138	88,948	74,163	67,114	22,914	20,985	11,452	0	1,022,030	931,423	1,022,030	931,423	1,022,030	931,423
Total Expenses excluding losses	3,165	5,062	2	92	4,327	7,083	3,828	6,598	68,928	68,928	8,982	8,659	27	3,259	10,336	7,732	159	26	295	1,128	103,066	108,567	103,066	108,567	
Revenue	116	246	(8)	1	215	13	14	26	559	794	14	60	17	6	53	36	13	7	9	7	1,002	1,196	1,002	1,196	
Sale of Goods and Services	5,102	6,416	255	629	2,634	2,556	32	500	2,716	3,200	316	424	83	450	3,976	3,737	4,171	5,189	695	212	19,980	23,423	19,980	23,423	
Investment Revenue	1,385	1,229	13	7	571	63	236	130	4,225	3,735	389	296	24	26	821	179	297	32	239	40	8,190	5,737	8,190	5,737	
Grants and Contributions	9,788	12,953	262	729	7,747	9,715	4,110	7,254	79,465	76,747	9,681	9,439	151	3,741	15,196	11,704	4,640	5,254	1,238	1,387	132,228	138,923	132,228	138,923	
Other Revenue	(3)	0	0	(2)	0	(1)	0	(27)	(6)	(3)	0	0	0	0	(6)	0	(2)	0	0	0	(44)	(6)	(44)	(6)	
Gain / (Loss) on Disposal	(16)	0	0	(33)	0	(5)	(1,038)	(923)	(123)	(123)	(39)	(39)	(19)	(115)	(150)	(1)	(9)	0	(9)	(9)	(1,335)	(1,135)	(1,335)	(1,135)	
Other Gains / (Losses)	67,829	85,705	6,946	6,488	56,328	49,886	110,338	98,254	395,076	356,979	70,756	67,737	73,886	65,226	59,098	55,560	18,277	16,731	12,666	10,065	871,181	793,641	871,181	793,641	
Net Cost of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	846,032	753,369	846,032	753,369	
Government Contributions																									

(25,149) (40,272)

NSW Budget Paper 3 has replaced program statements with Service Group Statements. Service Group Statements focus on the key measures of service delivery performance. The name and purpose of each Service Group is summarised in Note 16. There has been no need to amend comparative data for 2008.

The Service Group Statement uses statistical data for the calendar year 31 December 2007 to allocate the current period's financial information to each Service Group. This data has been reviewed against current statistical data on a sample basis with adjustments to reflect changes between Service Group's where appropriate. No changes have occurred during the period between 1 January 2009 and 30 June 2009 which would materially impact this allocation.

North Coast Area Health Service  
Service Group Statements  
for the Year Ended 30 June 2009

SERVICES' ASSETS AND LIABILITIES	1.1 *		1.2 *		1.3 *		2.1 *		2.2 *		2.3 *		3.1 *		4.1 *		5.1 *		6.1 *		Non-Attributable		Total			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS																										
Current Assets	841	945	78	87	694	716	1,240	1,267	5,131	5,223	870	927	802	828	804	806	248	252	151	138	0	0	10,859	11,189		
Cash and Cash Equivalents	1,352	1,549	36	87	1,072	1,162	569	867	10,996	9,177	1,337	1,129	21	447	2,101	1,400	642	628	171	166	0	0	18,297	16,612		
Receivables	249	331	25	33	316	291	393	456	2,454	2,748	396	460	155	181	272	236	52	68	18	18	0	0	4,330	4,822		
Inventories	61	61	6	4	51	33	90	52	371	186	64	62	58	111	58	43	18	22	10	4	0	0	786	590		
Non-Current Assets Held for Sale	2,502	2,887	145	211	2,133	2,202	2,292	2,643	18,952	17,334	2,667	2,576	1,037	1,567	3,235	2,485	961	970	350	326	0	0	34,272	33,203		
Total Current Assets	1	12	0	1	1	9	1	7	10	70	1	9	0	3	2	11	1	5	0	1	0	0	17	126		
Non-Current Assets	43,815	65,520	4,039	4,538	36,774	35,626	64,560	59,974	266,762	198,903	45,951	66,031	41,447	118,447	41,680	46,279	13,090	23,225	7,465	4,730	0	0	565,582	619,272		
Property, Plant and Equipment	2,061	3,000	190	208	1,730	1,631	3,037	2,563	12,550	9,108	2,162	3,024	1,950	5,424	1,961	2,119	616	1,063	351	217	0	0	26,609	28,356		
- Land and Buildings	1,758	2,491	162	173	1,475	1,354	2,550	2,128	10,701	7,551	1,843	2,510	1,663	4,502	1,672	1,759	525	893	299	180	0	0	22,688	23,540		
- Plant and Equipment	47,636	71,022	4,391	4,919	39,890	38,620	70,188	60,671	250,024	215,641	49,958	71,573	45,060	128,736	45,314	50,168	14,231	25,176	8,115	5,128	0	0	614,896	671,294		
- Infrastructure Systems	50,137	73,909	4,536	5,130	42,113	40,822	72,749	63,315	308,976	232,975	52,824	74,151	46,096	129,943	48,549	52,653	15,192	25,146	8,466	5,454	0	0	649,168	704,497		
Total Non-Current Assets	4,444	4,795	445	472	5,646	4,207	7,023	6,600	43,876	39,748	7,076	6,659	2,790	2,613	4,858	3,413	929	988	323	263	0	0	77,408	69,757		
LIABILITIES	393	23	36	2	324	17	580	31	2,388	127	407	23	375	20	376	20	116	6	70	3	0	0	5,074	273		
Current Liabilities	13,486	13,472	1,095	1,087	8,690	9,637	17,822	17,049	56,173	55,640	8,427	8,548	12,580	11,284	12,332	12,490	4,549	4,006	2,355	2,619	0	0	137,508	135,842		
Payables	70	107	7	10	58	81	104	144	429	593	73	103	67	94	67	92	21	29	13	16	0	0	908	1,271		
Borrowings	18,393	18,397	1,581	1,581	14,718	13,943	25,528	23,824	102,876	96,108	15,982	15,336	15,811	14,011	17,633	16,014	5,614	5,028	2,760	2,901	0	0	220,898	207,143		
Non-Current Liabilities	694	99	64	9	573	75	1,023	132	4,234	546	718	97	682	87	663	84	205	26	124	14	0	0	8,960	1,169		
Borrowings	208	221	17	16	134	158	275	280	867	913	130	140	194	185	190	205	70	66	36	43	0	0	2,122	2,229		
Provisions	69	99	6	9	57	75	107	132	423	545	72	97	66	86	66	84	20	26	12	14	0	0	895	1,168		
Other	971	418	88	36	764	308	1,401	544	5,223	2,004	920	334	922	358	920	373	296	118	173	72	0	0	11,977	4,566		
Total Non-Current Liabilities	19,364	18,815	1,671	1,617	15,482	14,251	26,928	24,368	108,389	98,112	16,902	15,670	16,733	14,369	18,553	16,387	5,910	5,146	2,933	2,973	0	0	232,875	211,709		
Total Liabilities	30,774	55,093	2,865	3,513	26,631	26,631	38,947	200,577	134,862	35,722	58,481	29,363	115,574	29,966	36,266	9,282	21,000	5,533	2,481	0	0	0	416,293	482,789		
Net Assets																										

Assets and liabilities are apportioned to service groups in accordance with the methodology advised in Note 2(a), thereby ensuring that the benefit of each asset and the liabilities incurred in the provision of services are duly recognised in each service group. The statistical data collected to 31 December 2007 to apportion Service Group expenses and revenues is also used to attribute assets and liabilities to each Service Group.



**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**1 The Health Service Reporting Entity**

The North Coast Area Health Service was established under the provisions of the Health Services Act with effect from 1 January 2005.

The Health Service, as a reporting entity, comprises all the operating activities of the Hospital facilities and the Community Health Centres under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Health Service. The Health Service is a not for profit entity.

The North Coast Area Health Service Special Purpose Service Entity was established as a Division of the Government Service on 17 March 2006 in accordance with the Public Sector Employment and Management Act 2002 and the Health Services Act 1997. These Divisions provide personnel services to enable a Health Service to exercise its functions.

As a consequence the values in the annual financial report presented herein consist of the Health Service (as the parent entity), the financial report of the special purpose entity Division and the consolidated financial report of the economic entity. Notes capture both the parent and consolidated values with notes 3, 4, 11, 23, 25 and 31 being especially relevant.

In the process of preparing the consolidated financial report for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

This financial report has been authorised for issue by the Chief Executive on 23rd September 2009.

**2 Summary of Significant Accounting Policies**

The Health Service's financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the Health Services Act 1997 and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

Property, plant and equipment, investment property, assets held for sale and financial assets at "fair value through profit and loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

The consolidated entity has a deficiency of working capital of \$186.626M (2008 \$173.940M). Notwithstanding this deficiency the financial report has been prepared on a going concern basis because the entity has the support of the NSW Department of Health.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Judgments, key assumptions and estimations made by management are disclosed in the relevant notes to the financial report.

Comparative figures are, where appropriate, reclassified to give a meaningful comparison with the current year.

No new or revised accounting standards or interpretations are adopted earlier than their prescribed date of application. Set out below are changes to be effected, their date of application and the possible impact on the financial report of the North Coast Area Health Service.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**Accounting Standard/Interpretation**

AASB 127 and AASB 2008-3, Business Combinations, has application in reporting periods beginning on or after 1 July 2009 and determines information to be disclosed in respect of business acquisitions. Its applicability to not for profit entities is yet to be determined.

AASB 8 and AASB 2007-3, Operating Segments, has application in reporting periods beginning on or after 1 January 2009. It relates to profit entities specifically and is therefore not applicable to the Health Service.

AASB 101, Presentation of Financial Statements, effective for reporting periods beginning on 1 July 2009, has reduced the disclosure requirements for various reporting entities. However, in not for profit entities such as the Health Service there is no change required.

AASB 123, Borrowing Costs, has application in reporting periods beginning on or after 1 January 2009. The Standard, which requires capitalisation of borrowing costs, has not been adopted in 2008/09 nor is adoption expected prior to 2009/10.

AASB 1039, Concise Financial Reports, responds to changes in Section 314 of the Corporations Law. It is not applicable to Health Services.

AASB 2008-1, Share Based Payments has no applicability to the Health Service.

AASB 2008-2, Puttable Financial Instruments and Obligations Arising on Liquidation, effective from 1 July 2009 has no application to the Health Service.

AASB 2008-5 and AASB 2008-6, Annual Improvements Project, has application from 1 July 2009 and comprises changes for presentation, recognition or measurement purposes which are currently assessed as having no material impact on the Health Service.

AASB 2008-7, Investment in a Subsidiary, Jointly Controlled Entity or Associate, has no impact on the Health Service.

AASB 2008-8, Eligible Hedged Items, has application from 1 July 2009 but has no current applicability to the Health Service.

AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101, has mandatory application from 1 July 2009 and will not be adopted early by the Health Service.

AASB 2008-11, Business Combinations Among Not for Profit, has application from 1 July 2009 and focuses largely on Local Government.

AASB 2008-13, Distribution of Non Cash Assets to Owners, has application in reporting periods beginning on or after 1 July 2009 but is assessed as having no applicability to the Health Service.

AASB 2009-2, Improving Disclosures about Financial Instruments, has mandatory application from 1 July 2009. Changes to be advised by NSW Treasury concerning fair value measurement and liquidity risk will be adopted by the Health Service.

Interpretation 15, Construction of Real Estate, applies from 1 July 2009 but has no impact on the Health Service which is not involved in the construction of real estate for sale.

Interpretation 16, Agreements for the Hedges of a Net Investment in a Foreign Operation, has application from 1 July 2009 but has no relevance to the Health Service.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

Interpretation 17 & AASB 2008-13, Distributions of Non Cash Assets to Owners, applies from 1 July 2009 and principally addresses share holder distributions. It is not applicable to the Health Service.

Other significant accounting policies used in the preparation of this financial report are as follows:

**a) Employee Benefits and Other Provisions**

**i) Salaries & Wages, Annual Leave, Sick Leave and On Costs**

At the consolidated level of reporting, liabilities for salaries and wages (including non monetary benefits), annual leave and paid sick leave that fall wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

All Annual Leave employee benefits are reported as "Current" as there is an unconditional right to payment. Current liabilities are then further classified as "Short Term" or "Long Term" based on past trends and known resignations and retirements. Anticipated payments to be made in the next twelve months are reported as "Short Term". On costs of 17% are applied to the value of leave payable at 30 June 2009, such on costs being consistent with actuarial assessment (Comparable on costs for 30 June 2008 were also 17%).

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

**ii) Long Service Leave and Superannuation**

At the consolidated level of reporting, Long Service Leave entitlements are dissected as "Current" if there is an unconditional right to payment and "Non Current" if the entitlements are conditional. Current entitlements are further dissected between "Short Term" and "Long Term" on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

Long Service Leave provisions are measured on a short hand basis at an escalated rate of 9.8% (8.1% at 30 June 2008) for all employees with five or more years of service. The escalation applied is consistent with actuarial assessment and is affected in the main by the fall in the Commonwealth Government 10 year bond yield which is used as the discount rate.

The Health Service's liability for the closed superannuation pool schemes (State Authorities Superannuation Scheme and State Superannuation Scheme) is assumed by the Crown Entity. The Health Service accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits". Any liability attached to Superannuation Guarantee Charge cover is reported in Note 23, "Payables".

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Department of Health. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

**iii) Other Provisions**

Other provisions exist when: the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

**b) Insurance**

The Health Service's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past experience.

**c) Finance Costs**

Finance costs are recognised as expenses in the period in which they are incurred.

**d) Income Recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

*Sale of Goods and Services*

Revenue from the sale of goods and services comprises revenue from the provision of products or services, ie user charges. User charges are recognised as income when the service is provided or by reference to the stage of completion.

*Patient Fees*

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Department of Health from time to time.

*Investment Revenue*

Interest revenue is recognised using the effective interest method as set out in AASB139, "Financial Instruments: Recognition and measurement". Rental revenue is recognised in accordance with AASB117 "Leases" on a straight line basis over the lease term. Dividend revenue is recognised in accordance with AASB118 "Revenue" when the Health Service's right to receive payment is established.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

*Debt Forgiveness*

Debts are accounted for as extinguished when and only when settlement occurs through repayment or replacement by another liability.

*Use of Hospital Facilities*

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of hospital facilities at rates determined by the NSW Department of Health. Charges consist of two components:

- \* a monthly charge raised by the Health Service based on a percentage of receipts generated
- \* the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for Health Service use in the advancement of the Health Service or individuals within it.

*Use of Outside Facilities*

The Health Service uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services for which no charges are raised by the authorities. The Health Service has been unable to reliably estimate the value of services provided and as such no amounts have been taken up in the financial report.

*Grants and Contributions*

Grants and Contributions are generally recognised as revenues when the Health Service obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

*NSW Department of Health Allocations*

Payments are made by the NSW Department of Health on the basis of the allocation for the Health Service as adjusted for approved supplementations mostly for salary agreements, patient flows between Health Services and approved enhancement projects. This allocation is included in the Operating Statement before arriving at the "Result for the Year" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of Cash.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**e) Accounting for the Goods & Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except where:

- \* the amount of GST incurred by the Health Service as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- \* receivables and payables are stated with the amount of GST included.

Cash flows are included in the Cash Flow Statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

**f) Inter Area and Interstate Patient Flows**

**Inter Area Patient Flows**

Health Services recognise patient flows for patients they have treated that live outside the Service's regional area. The flows recognised are for acute inpatients (other than Mental Health Services), emergency and rehabilitation and extended care.

Patient flows have been calculated using benchmarks for the cost of services for each of the categories identified and deducting estimated revenue, based on the payment category of the patient. The flow information is based on activity for the last completed calendar year. The NSW Department of Health accepts that category identification for various surgical and medical procedures is impacted by the complexities of the coding process and the interpretation of the coding staff when coding a patient's medical records. The Department reviews the flow information extracted from Health Service records and once it has accepted it, requires each Health Service and the Children's Hospital at Westmead to bring to account the value of patient flows in accordance with the Department's assessment.

The adjustments have no effect on equity values as the movement in Net Cost of Services is matched by a corresponding adjustment to the value of the NSW Department of Health Recurrent Allocation.

**Inter State Patient Flows**

Health Services recognise the outflow of acute inpatients that are treated by other States and Territories within Australia who normally reside in the Service's residential area. The Health Service's also recognise the value of inflows for acute inpatient and outpatient treatment provided to residents from other States and territories. The expense and revenue values reported within the financial report have been based on 2007/08 activity data using standard cost weighted separation values to reflect estimated costs in 2008/09 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State/Territory providing the service is reimbursed by the benefiting Area.

The reporting adopted for both inter area and interstate patient flows aims to provide a greater accuracy of the cost of service provision to the Area's resident population and disclose the extent to which service is provided to non residents.

The composition of patient flow expense/revenue is disclosed in Notes 5 and 9.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**g) Acquisition of Assets**

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Health Service. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition except for assets transferred as a result of an administrative restructure. (Note 2(z) refers)

Fair value means the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where settlement of any part of cash consideration is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the Health Service are deemed to be controlled by the Health Service and are reflected as such in the financial report.

**h) Capitalisation Thresholds**

Individual items of property, plant & equipment are capitalised where their cost is \$10,000 or above.

**i) Depreciation**

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Health Service. Land is not a depreciable asset.

Details of depreciation rates initially applied for major asset categories are as follows:

Buildings	2.5%
Electro Medical Equipment	
- Costing less than \$200,000	10.0%
- Costing more than or equal to \$200,000	12.5%
Computer Equipment	20.0%
Infrastructure Systems	2.5%
Motor Vehicle Sedans	12.5%
Motor Vehicles, Trucks & Vans	20.0%
Office Equipment	10.0%
Plant and Machinery	10.0%
Linen	25.0%
Furniture, Fittings and Furnishings	5.0%

"Infrastructure Systems" means assets that comprise public facilities and which provide essential services and enhance the productive capacity of the economy including roads, bridges, water infrastructure and distribution works, sewerage treatment plants, seawalls and water reticulation systems.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

Depreciation rates are subsequently varied where changes occur in the assessment of the remaining useful life of the assets reported.

**j) Revaluation of Non Current Assets**

Physical non-current assets are valued in accordance with the NSW Department of Health's "Valuation of Physical Non-Current Assets at Fair Value" policy. This policy adopts fair value in accordance with AASB116, "Property, Plant & Equipment" and AASB140, "Investment Property". Investment property is separately discussed at Note 2(o).

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Health Service revalues its Land and Buildings and Infrastructure at minimum every three years by independent valuation. The last revaluation for assets assumed by the Area was completed on 1 July 2008 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Result for the Year, the increment is recognised immediately as revenue in the Result for the Year.

Revaluation decrements are recognised immediately as expenses in the Result for the Year, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.



**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**k) Impairment of Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, the Health Service is effectively exempt from AASB 136 "Impairment of Assets" and impairment testing. This is because AASB136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are regarded as material. Selling costs are regarded as immaterial.

**l) Assets Not Able to be Reliably Measured**

The Health Service may at times hold certain assets that are not recognised in the Balance Sheet because the Health Service is unable to measure reliably the value for the assets. The Health Service holds no such assets at 30 June 2009.

**m) Restoration Costs**

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

**n) Non Current Assets (or disposal groups) Held for Sale**

The Health Service has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

**o) Investment Properties**

Investment property is held to earn rentals or for capital appreciation, or both. However, for not-for-profit entities, property held to meet service delivery objectives rather than to earn rental or for capital appreciation does not meet the definition of investment property and is accounted for under AASB 116 *Property, Plant and Equipment*. The Health Service does not have any property that meets the definition of Investment Property.

**p) Intangible Assets**

The Health Service recognises intangible assets only if it is probable that future economic benefits will flow to the Health Service and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Health Service's intangible assets, the assets are carried at cost less any accumulated amortisation. The Health Service's intangible assets are amortised using the straight line method based on the useful life of the asset for both internally developed assets and direct acquisitions. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity the Health Service is effectively exempted from impairment testing (see Note 2[k]).

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**q) Maintenance**

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated.

**r) Leased Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

**s) Inventories**

Inventories are stated at cost. Costs are assigned to individual items of stock mainly on the basis of weighted average costs.

Obsolete items are disposed of in accordance with instructions issued by the NSW Department of Health.

**t) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the operating statement when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**u) Investments**

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. The North Coast Area Health Service determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- \* *Fair value through profit or loss* - The North Coast Area Health Service subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the operating statement.

The Hour-Glass Investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the agency's key management personnel.

The risk management strategy of the Health Service has been developed consistent with the investment powers granted under the provision of the Public Authorities (Financial Arrangements) Act. T Corp investments are made in an effort to improve interest returns on cash balances otherwise available whilst also providing secure investments guaranteed by the State market exposures.

The movement in the fair value of the Hour-Glass Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

- \* *Held to maturity investments* – Non-derivative financial assets with fixed or determinable payments and fixed maturity that the North Coast Area Health Service has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the operating statement when impaired, derecognised or through the amortisation process.
- \* *Available for sale investments* - Any residual investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value directly in equity until disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the operating statement. However, interest calculated using the effective interest method and dividends are recognised in the operating statement.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date; i.e. the date the Health Service commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the balance sheet date.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**v) Impairment of financial assets**

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the operating statement.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the operating statement, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the operating statement.

Any reversals of impairment losses are reversed through the operating statement, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

**w) De-recognition of financial assets and financial liabilities**

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- \* where substantially all the risks and rewards have been transferred; or
- \* where the Health Service has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

**x) Payables**

These amounts represent liabilities for goods and services provided to the Health Service and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Health Service.

**y) Borrowings**

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the operating statement on derecognition.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

**z) Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as contributions by owners and is recognised as an adjustment to "Accumulated Funds".

Transfers arising from an administrative restructure involving not for profit entities and for profit Government Departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

On 1 August 2008 the North Coast Food Service was transferred to HealthSupport and on 1 January 2009 North Coast Pathology Service was transferred to Hunter New England Area Health Service. This resulted in a transfer of net liabilities totalling \$0.176M from the Health Service to HealthSupport and a transfer of net assets totalling \$0.783M from the Health Service to Hunter New England Area Health Service.

The Statement of Recognised Income and Expense does not reflect the Net Assets or change in equity in accordance with AASB 101 Clause 97.

**aa) Trust Funds**

The Health Service receives monies in a trustee capacity for various trusts as set out in Note 29. As the Health Service performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Health Service's own objectives, they are not brought to account in the financial report.

**ab) Budgeted Amounts**

The budgeted amounts are drawn from the budgets agreed with the NSW Department of Health at the beginning of the financial reporting period and with any adjustments for the effects of additional supplementation provided.

**ac) Service Group Statements Allocation Methodology**

Expenses and revenues are assigned to service groups in accordance with statistical data for the twelve months ended 31 December 2007 which is then applied to the current period's financial information. This data has been reviewed against current statistical data on a sample basis with adjustments to reflect changes between Service Groups where appropriate. In respect of Assets and Liabilities the Department requires that all Health Services take action to identify those components that can be specifically identified and reported by service groups. Remaining values are attributed to service groups in accordance with values advised by the NSW Department of Health, eg. depreciation/amortisation charges form the basis of apportioning the values for Intangibles and Property, Plant & Equipment.

**North Coast area Health Service**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2009**

<b>PARENT</b>			<b>CONSOLIDATION</b>	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
<b>3. Employee Related</b>				
Employee related expenses comprise the following:				
0	0	Salaries and Wages	391,054	387,778
0	0	Awards	33,798	26,171
0	0	Superannuation - defined benefit plans	8,484	9,018
0	0	Superannuation - defined contributions	35,047	33,538
0	0	Long Service Leave	12,717	14,991
0	0	Annual Leave	44,013	40,281
0	0	Redundancies	1,664	0
0	0	Workers Compensation Insurance	7,568	7,566
0	0	Fringe Benefits Tax	24	126
<u>0</u>	<u>0</u>		<u>534,369</u>	<u>519,469</u>
<b>4. Personnel Services</b>				
Personnel Services comprise the purchase of the following:				
391,054	387,778	Salaries and Wages	0	0
33,798	26,171	Awards	0	0
8,484	9,018	Superannuation - defined benefit plans	0	0
35,047	33,538	Superannuation - defined contributions	0	0
12,717	14,991	Long Service Leave	0	0
44,013	40,281	Annual Leave	0	0
1,664	0	Redundancies	0	0
7,568	7,566	Workers Compensation Insurance	0	0
24	126	Fringe Benefits Tax	0	0
<u>534,369</u>	<u>519,469</u>		<u>0</u>	<u>0</u>
<b>5. Other Operating Expenses</b>				
68,288	56,628	Allocation for Inter Area Patient Outflows, NSW (see (d) below)	68,288	56,628
4,284	3,277	Blood and Blood Products	4,284	3,277
11,500	9,711	Domestic Supplies and Services	11,500	9,711
33,474	31,882	Drug Supplies	33,474	31,882
21,615	7,323	Food Supplies	21,615	7,323
6,257	5,636	Fuel, Light and Power	6,257	5,636
17,980	17,981	General Expenses (See (b) below)	17,980	17,981
17,861	15,267	Hospital Ambulance Transport Costs	17,861	15,267
723	972	Information Management Expenses	723	972
560	641	Insurance	560	641
30,610	33,503	Interstate Patient Outflows (see (e) below)	30,610	33,503
0		Maintenance (See (c) below)		
10,202	7,985	Maintenance Contracts	10,202	7,985
8,852	4,255	New/Replacement Equipment under \$10,000	8,852	4,255
6,316	8,713	Repairs	6,316	8,713
7	21	Other	7	21
41,394	37,013	Medical and Surgical Supplies	41,394	37,013
5,026	4,100	Postal and Telephone Costs	5,026	4,100
2,922	3,449	Printing and Stationery	2,922	3,449
746	789	Rates and Charges	746	789
3,659	3,412	Rental	3,659	3,412
39,051	31,489	Special Service Departments	39,051	31,489
4,174	4,470	Staff Related Costs	4,174	4,470
4,413	3,106	Sundry Operating Expenses (See (a) below)	4,413	3,106
5,475	5,196	Travel Related Costs	5,475	5,196
<u>345,389</u>	<u>296,819</u>		<u>345,389</u>	<u>296,819</u>

**North Coast area Health Service**  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
2,021	581	(a) Sundry Operating Expenses comprise:	2,021	581
<u>2,392</u>	<u>2,525</u>	Contract for Patient Services	<u>2,392</u>	<u>2,525</u>
<b>4,413</b>	<b>3,106</b>	Isolated Patient Travel and Accommodation Assistance Scheme	<b>4,413</b>	<b>3,106</b>
(b) General Expenses include:-				
161	369	Advertising	161	369
442	408	Books, Magazines and Journals	442	408
154	56	Consultancies	154	56
28	0	- Operating Activities	28	0
1,185	1,311	- Capital Works	1,185	1,311
155	170	Courier and Freight	155	170
0	0	Auditor's Remuneration - Audit of financial reports	0	0
109	0	Auditor's Remuneration - Other Services	109	0
546	444	Data Recording and Storage	546	444
44	64	Legal Services	44	64
3,816	4,134	Membership/Professional Fees	3,816	4,134
3,391	3,587	Motor Vehicle Operating Lease Expense - minimum lease payments	3,391	3,587
90	331	Other Operating Lease Expense - minimum lease payments	90	331
499	452	Payroll Services	499	452
1,857	2,160	Quality Assurance/Accreditation	1,857	2,160
2,644	173	Security Services	2,644	173
81	50	Shared Corporate Services - Financial	81	50
		Translator Services		
(c) Reconciliation Total Maintenance				
25,377	20,974	Maintenance expense - contracted labour and other (non employee	25,377	20,974
<u>6,271</u>	<u>6,108</u>	related), included in Note 5	<u>6,271</u>	<u>6,108</u>
<b>31,648</b>	<b>27,082</b>	Employee related/Personnel Services maintenance expense included in Notes 3 and 4	<b>31,648</b>	<b>27,082</b>
(d) Details of the Allocations applied to Inter Area Patient Out Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:				
12,446	11,174	Hunter New England Area Health Service	12,446	11,174
4,006	3,433	Children's Hospital Westmead	4,006	3,433
18,584	15,326	Northern Sydney Central Coast Area Health Service	18,584	15,326
21,804	16,336	South East Illawarra Area Health Service	21,804	16,336
7,531	6,696	Sydney South West Area Health Service	7,531	6,696
<u>3,917</u>	<u>3,663</u>	Other Health Services	<u>3,917</u>	<u>3,663</u>
<b>68,288</b>	<b>56,628</b>		<b>68,288</b>	<b>56,628</b>
(e) Expenses for Interstate Patient Flows are as follows:-				
29,217	32,139	Queensland	29,217	32,139
526	580	Victoria	526	580
<u>867</u>	<u>784</u>	Other States	<u>867</u>	<u>784</u>
<b>30,610</b>	<b>33,503</b>		<b>30,610</b>	<b>33,503</b>
<b>6. Depreciation and Amortisation</b>				
19,813	22,036	Depreciation - Buildings	19,813	22,036
5,916	6,146	Depreciation - Plant and Equipment	5,916	6,146
<u>1,017</u>	<u>882</u>	Depreciation - Infrastructure Systems	<u>1,017</u>	<u>882</u>
<b>26,746</b>	<b>29,064</b>		<b>26,746</b>	<b>29,064</b>

**North Coast area Health Service**  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>7. Grants and Subsidies</b>				
4,810	4,774	Non Government Voluntary Organisations	4,810	4,774
2,842	3,247	Other	2,842	3,247
<u>7,652</u>	<u>8,021</u>		<u>7,652</u>	<u>8,021</u>
<b>8. Finance Costs</b>				
142	109	Interest on Bank Overdrafts and Loans	142	109
<u>142</u>	<u>109</u>	Total Finance Costs	<u>142</u>	<u>109</u>
<b>9. Sale of Goods and Services</b>				
(a) Sale of Goods comprise the following:-				
1,410	911	Sale of Prosthesis	1,410	911
240	92	Other	240	92
199	186	Pharmacy Sales	199	186
(b) Rendering of Services comprise the following:-				
46,070	47,215	Patient Fees [see note 2(d)]	46,070	47,215
237	1,021	Staff-Meals and Accommodation	237	1,021
5,093	6,596	Infrastructure Fees - Monthly Facility Charge [see note 2(d)]	5,093	6,596
50	521	- Annual Charge	50	521
12,414	12,657	Allocation from Inter Area Patient Inflows, NSW [see note (c) below]	12,414	12,657
172	1,085	Cafeteria/Kiosk	172	1,085
925	1,091	Clinical Services (excluding Clinical Drug Trials)	925	1,091
1,186	1,958	Commercial Activities	1,186	1,958
125	114	Fees for Medical Records	125	114
63	602	Meals on Wheels	63	602
2,909	2,308	Other Commonwealth Receipts (excluding DVA fees)	2,909	2,308
66	86	PADP Patient Copayments	66	86
31,189	31,629	Patient Inflows from Interstate [see note (d)]	31,189	31,629
186	207	Services Provided to Non NSW Health Organisations	186	207
532	288	Other	532	288
<u>103,066</u>	<u>108,567</u>		<u>103,066</u>	<u>108,567</u>
(c) Details of the Allocations received for Inter Area Patient Flows, NSW on an Area basis as accepted by the NSW Department of Health are as follows:				
7,864	7,953	Hunter New England Area Health Service	7,864	7,953
1,138	1,212	Northern Sydney Central Coast Area Health Service	1,138	1,212
986	954	South East Illawarra Area Health Service	986	954
771	945	Sydney South West Area Health Service	771	945
676	898	Sydney West Area Health Service	676	898
979	695	Other Health Services	979	695
<u>12,414</u>	<u>12,657</u>		<u>12,414</u>	<u>12,657</u>
(d) Revenues from Patient Inflows from Interstate are as follows:-				
29,373	29,864	Queensland	29,373	29,864
987	1,132	Victoria	987	1,132
829	633	Other States	829	633
<u>31,189</u>	<u>31,629</u>		<u>31,189</u>	<u>31,629</u>



**North Coast area Health Service**  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>10. Investment Revenue</b>				
869	1,050	- Interest	869	1,050
133	146	Lease and Rental Income	133	146
<u>1,002</u>	<u>1,196</u>		<u>1,002</u>	<u>1,196</u>
<b>11. Grants and Contributions</b>				
884	464	Clinical Drug Trials	884	464
6,080	8,626	Commonwealth Government grants	6,080	8,626
2,145	1,964	Industry Contributions/Donations	2,145	1,964
5,264	5,508	Cancer Institute grants	5,264	5,508
5,196	6,058	NSW Government grants	5,196	6,058
8,484	9,018	Personnel Services - Superannuation Defined Benefits	0	0
411	803	Other grants	411	803
<u>28,464</u>	<u>32,441</u>		<u>19,980</u>	<u>23,423</u>
<b>12. Other Revenue</b>				
Other Revenue comprises the following:-				
9	3	Bad Debts recovered	9	3
45	89	Commissions	45	89
150	98	Conference and Training Fees	150	98
1	5	Discounts	1	5
15	12	Sale of Merchandise, Old Wares and Books	15	12
3,828	3,821	Treasury Managed Fund Hindsight Adjustment	3,828	3,821
4,132	1,709	Other	4,132	1,709
<u>8,180</u>	<u>5,737</u>		<u>8,180</u>	<u>5,737</u>
<b>13. Gain/(Loss) on Disposal</b>				
14,117	5,236	Property Plant and Equipment	14,117	5,236
13,899	4,479	Less Accumulated Depreciation	13,899	4,479
218	757	Written Down Value	218	757
174	751	Less Proceeds from Disposal	174	751
<u>(44)</u>	<u>(6)</u>	Gain/(Loss) on Disposal of Property Plant and Equipment	<u>(44)</u>	<u>(6)</u>
<b>14. Other Gains/(Losses)</b>				
(1,335)	(1,135)	Impairment of Receivables	(1,335)	(1,135)
<u>(1,335)</u>	<u>(1,135)</u>		<u>(1,335)</u>	<u>(1,135)</u>

North Coast area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT AND CONSOLIDATION

15. Conditions on Contributions

	Purchase of Assets	Health Promotion, Education and Research	Other	Total
	\$000	\$000	\$000	\$000
Contributions recognised as revenues during the current reporting period for which expenditure in the manner specified had not occurred as at balance date	2,702	1,743	1,366	5,811
Contributions recognised in amalgamated balance as at 30 June 2008 which were not expended in the current reporting period	1,222	542	1,684	3,448
Total amount of unexpended contributions as at balance date	<b>3,924</b>	<b>2,285</b>	<b>3,050</b>	<b>9,259</b>

Comment on restricted assets appears in Note 22

**North Coast area Health Service**  
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**16. Service Groups of the Health Service**

**Service Group 1.1 - Primary and Community Based Services**

Service Description: This service group covers the provision of health services to persons attending community health centres or in the home, including health promotion activities, community based women's health, dental, drug and alcohol and HIV/AIDS services. It also covers the provision of grants to non-Government organisations for community health purposes.

Objective: This service group contributes to making prevention everybody's business and strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improved access to early intervention, assessment, therapy and treatment services for claims in a home or community setting
- reduced rate of avoidable hospital admissions for conditions identified in the State Plan that can be appropriately treated in the community and
- reduced rate of hospitalisation from fall-related injury for people aged 65 years and

**Service Group 1.2 - Aboriginal Health Services**

Service Description: This service group covers the provision of supplementary health services to Aboriginal people, particularly in the areas of health promotion, health education and disease prevention. (Note: This Service Group excludes most services for Aboriginal people provided directly by Area Health Services and other general health services which are used by all members of the community).

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- the building of regional partnerships for the provision of health services
- raising the health status of Aboriginal people and
- promoting a healthy lifestyle.

**Service Group 1.3 - Outpatient Services**

Service Description: This service group covers the provision of services provided in outpatient clinics including low level emergency care, diagnostic and pharmacy services and radiotherapy treatment.

Objective: This service group contributes to creating better experiences for people using health services and ensuring a fair and sustainable health system by working towards a range of intermediate results including improving, maintaining or restoring the health of ambulant patients in a hospital setting through diagnosis, therapy, education and treatment services.

**Service Group 2.1 - Emergency Services**

Service Description: This service group covers the provision of emergency ambulance services and treatment of patients in designated emergency departments of public hospitals.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results including reduced risk of premature death or disability by providing timely emergency diagnostic treatment and transport services.

**North Coast area Health Service**  
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**Service Group 2.2 - Overnight Acute Inpatient Services**

Service Description: This service group covers the provision of health care to patients admitted to public hospitals with the intention that their stay will be overnight, including elective surgery and maternity services.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients, resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

**Service Group 2.3 - Same Day Acute Inpatient Services**

Service Description: This service group covers the provision of health care to patients who are admitted to public hospitals with the intention that they will be admitted, treated and discharged on the same day.

Objective: This service group contributes to creating better experiences for people using the health system by working towards a range of intermediate results that include the following:

- timely treatment of booked surgical patients resulting in improved clinical outcomes, quality of life and patient satisfaction and
- reduced rate of unplanned and unexpected hospital readmissions.

**Service Group 3.1 - Mental Health Services**

Service Description: This service group covers the provision of an integrated and comprehensive network of services by Area Health Services and community based organisations for people seriously affected by mental illness and mental health problems. It also includes the development of preventative programs which meet the needs of specific client groups.

Objective: This service group contributes to strengthening primary health and continuing care in the community by working towards a range of intermediate results that include the following:

- improving the health, wellbeing and social functioning of people with disabling mental disorders and
- reducing the incidence of suicide, mental health problems and mental disorders in the community.

**Service Group 4.1 - Rehabilitation and Extended Care Services**

Service Description: This service group covers the provision of appropriate health care services for persons with long-term physical and psycho-physical disabilities and for the frail-aged. It also includes the coordination of the Department's services for the aged and disabled, with those provided by other agencies and individuals.

Objective: This service group contributes to strengthening primary health and continuing care in the community and creating better experiences for people using the health system by working towards a range of intermediate results including improving or maintaining the wellbeing and independent functioning of people with disabilities or chronic conditions, the frail and terminally ill.

**Service Group 5.1 - Population Health Services**

**North Coast area Health Service**  
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Service Description: This service group covers the provision of health services targeted at broad population groups including environmental health protection, food and poisons regulation and monitoring of communicable diseases.

Objective: This service group contributes to making prevention everybody's business by working towards a range of intermediate results that include the following:

- reduced incidence of preventable disease and disability and
- improved access to opportunities and prerequisites for good health.

**Service Group 6.1 - Teaching and Research**

Service Description: This service group covers the provision of professional training for the needs of the New South Wales health system. It also includes strategic investment in research and development to improve the health and wellbeing of the people of New South Wales.

Objective: This service group contributes to ensuring a fair and sustainable health system by working towards a range of intermediate results that include the following:

- developing the skills and knowledge of the health workforce to support patient care and population health and
- extending knowledge through scientific enquiry and applied research aimed at improving the health and wellbeing of the people of New South Wales.

North Coast area Health Service  
Notes to and forming part of the Financial Statements  
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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		<b>17. Cash and Cash Equivalents</b>		
10,859	11,189	Cash at bank and on hand	10,859	11,189
<b>10,859</b>	<b>11,189</b>		<b>10,859</b>	<b>11,189</b>
		Cash & cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:		
10,859	11,189	Cash and cash equivalents (per Balance Sheet)	10,859	11,189
<b>10,859</b>	<b>11,189</b>	Closing Cash and Cash Equivalents (per Cash Flow Statement)	<b>10,859</b>	<b>11,189</b>

*Refer to Note 36 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.*

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
		<b>18. Receivables</b>		
		<b>Current</b>		
6,544	7,562	(a) Sale of Goods and Services	6,544	7,562
16	502	Leave Mobility	16	502
1,568	3,277	NSW Health Department	1,568	3,277
<u>7,606</u>	<u>5,340</u>	Goods & Services Tax	<u>7,606</u>	<u>5,340</u>
15,734	16,681	<b>Sub Total</b>	15,734	16,681
<u>(742)</u>	<u>(597)</u>	Less Allowance for impairment	<u>(742)</u>	<u>(597)</u>
14,992	16,084	<b>Sub Total</b>	14,992	16,084
<u>3,305</u>	<u>528</u>	Prepayments	<u>3,305</u>	<u>528</u>
<b><u>18,297</u></b>	<b><u>16,612</u></b>		<b><u>18,297</u></b>	<b><u>16,612</u></b>
		<b>(b) Movement in the allowance for impairment</b>		
		Sale of Goods & Services		
597	996	Balance at 1 July	597	996
(1,028)	(792)	Amounts written off during the year	(1,028)	(792)
1,173	393	Increase/(decrease) in allowance recognised in		
<u>742</u>	<u>597</u>	Result for the Year	<u>1,173</u>	<u>393</u>
		Balance at 30 June	<u>742</u>	<u>597</u>
<b><u>742</u></b>	<b><u>597</u></b>		<b><u>742</u></b>	<b><u>597</u></b>
		<b>Non Current</b>		
<u>368</u>	<u>1,065</u>	(a) Sale of Goods and Services	<u>368</u>	<u>1,065</u>
368	1,065	Sub Total	368	1,065
<u>(351)</u>	<u>(939)</u>	Less Allowance for impairment	<u>(351)</u>	<u>(939)</u>
<b><u>17</u></b>	<b><u>126</u></b>		<b><u>17</u></b>	<b><u>126</u></b>
		<b>(b) Movement in the allowance for impairment</b>		
		Sale of Goods & Services		
939	397	Balance at 1 July	939	397
(749)	(200)	Amounts written off during the year	(749)	(200)
161	742	Increase/(decrease) in allowance recognised in		
<u>351</u>	<u>939</u>	Result for the Year	<u>161</u>	<u>742</u>
		Balance at 30 June	<u>351</u>	<u>939</u>
<b><u>351</u></b>	<b><u>939</u></b>		<b><u>351</u></b>	<b><u>939</u></b>
		<b>(c) Sale of Goods and Services Receivables</b>		
		(Current and Non Current) include:		
567	638	Patient Fees - Compensable	567	638
355	355	Patient Fees - Ineligible	355	355
<u>2,688</u>	<u>3,208</u>	Patient Fees - Other	<u>2,688</u>	<u>3,208</u>
<b><u>3,610</u></b>	<b><u>4,201</u></b>		<b><u>3,610</u></b>	<b><u>4,201</u></b>

*Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 36.*

North Coast area Health Service  
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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
<b>19. Inventories</b>				
<b>Current - at cost (held for Distribution)</b>				
2,892	2,766	Drugs	2,892	2,766
1,248	1,734	Medical and Surgical Supplies	1,248	1,734
89	130	Food and Hotel Supplies	89	130
3	5	Engineering Supplies	3	5
98	187	Other	98	187
<u>4,330</u>	<u>4,822</u>		<u>4,330</u>	<u>4,822</u>



North Coast area Health Service  
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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>20. Property, Plant and Equipment</b>				
		<b>Land and Buildings - fair value</b>		
880,021	934,889	Gross Carrying Amount	880,021	934,889
		Less Accumulated depreciation and impairment		
<u>314,439</u>	<u>315,617</u>		<u>314,439</u>	<u>315,617</u>
<b><u>565,582</u></b>	<b><u>619,272</u></b>	Net Carrying Amount	<b><u>565,582</u></b>	<b><u>619,272</u></b>
		<b>Plant and Equipment - fair value</b>		
70,360	76,272	Gross Carrying Amount	70,360	76,272
		Less Accumulated depreciation and impairment		
<u>43,751</u>	<u>47,916</u>		<u>43,751</u>	<u>47,916</u>
<b><u>26,609</u></b>	<b><u>28,356</u></b>	Net Carrying Amount	<b><u>26,609</u></b>	<b><u>28,356</u></b>
		<b>Infrastructure Systems - fair value</b>		
40,248	39,884	Gross Carrying Amount	40,248	39,884
		Less Accumulated depreciation and impairment		
<u>17,560</u>	<u>16,344</u>		<u>17,560</u>	<u>16,344</u>
<b><u>22,688</u></b>	<b><u>23,540</u></b>	Net Carrying Amount	<b><u>22,688</u></b>	<b><u>23,540</u></b>
		<b>Total Property, Plant and Equipment At Net Carrying Amount</b>		
<b><u>614,879</u></b>	<b><u>671,168</u></b>		<b><u>614,879</u></b>	<b><u>671,168</u></b>

North Coast area Health Service  
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20. Property, Plant and Equipment - Reconciliations

	Land \$000	Buildings \$000	Work in Progress \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>2009</b>						
Net Carrying amount at start of year	61,943	501,840	55,489	28,356	23,540	671,168
Additions	0	235	18,865	3,200	0	22,300
Recognition of Assets Held for Sale	(187)	0	0		(19)	(206)
Disposals	0	(72)	0	(146)	0	(218)
Administrative restructures - transfers in/(out)	0	0	0	(680)	0	(680)
Net revaluation increment less revaluation decrements recognised in reserves	3,834	(53,608)	0		(965)	(50,739)
Depreciation expense	0	(19,813)	0	(5,916)	(1,017)	(26,746)
Reclassifications	1,091	57,188	(61,223)	1,795	1,149	0
Net Carrying amount at end of year	<b>66,681</b>	<b>485,770</b>	<b>13,131</b>	<b>26,609</b>	<b>22,688</b>	<b>614,879</b>

	Land \$000	Buildings \$000	Work in Progress \$000	Plant and Equipment \$000	Infrastructure Systems \$000	Total \$000
<b>2008</b>						
Net Carrying amount at start of year	56,877	466,692	26,107	31,133	21,553	602,362
Additions	0	487	29,382	3,411	10	33,290
Recognition of Assets Held for Sale	(293)	(245)	0		(42)	(580)
Disposals	(600)	(115)	0	(42)	0	(757)
Net revaluation increment less revaluation decrements recognised in reserves	5,959	57,057	0	0	2,901	65,917
Depreciation expense	0	(22,036)	0	(6,146)	(882)	(29,064)
Net Carrying amount at end of year	<b>61,943</b>	<b>501,840</b>	<b>55,489</b>	<b>28,356</b>	<b>23,540</b>	<b>671,168</b>

- (i) Land and Buildings include land owned by the Health Administration Corporation and administered by the Health Service [see note 2(g)].
- (ii) Land and Buildings were valued by Benjamin Kingsberry (AAPV/CPV) of Australian Pacific Valuers Pty Ltd, registered valuers, on 01 July 2008 [see note 2(j)]. Australian Pacific Valuers Pty Ltd is not an employee of the Health Service.

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PARENT			CONSOLIDATION		
2009 \$000	2008 \$000		2009	2008 \$000	2007 \$000
<b>21. Non Current Assets Held for Sale</b>					
<b>Assets held for sale</b>					
725	538	Land and Buildings		725	538
61	42	Infrastructure systems		61	42
<b>786</b>	<b>580</b>			<b>786</b>	<b>580</b>
<b>Amounts recognised in equity relating to assets held for sale</b>					
223	278	Property, plant and equipment asset revaluation increments/decrements		223	278
<b>223</b>	<b>278</b>			<b>223</b>	<b>278</b>

The following additional information is provided:  
 Assets Held for Sale include (i) Land & Buildings located at 63 Uralba Street, with identified purchaser being University of Sydney and (ii) Land located at Port Macquarie with the identified purchaser being Southern Cross University.

Both disposals are anticipated to be completed by December 2009.

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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		<b>22. Restricted Assets</b>		
		The Health Service's financial statements include the following assets which are restricted by externally imposed conditions, eg. donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.		
		<b>Category</b>		
3,924	4,806	Equipment Buildings & Refurbishments	3,924	4,806
2,285	2,901	Education & Research	2,285	2,901
3,050	2,449	Other	3,050	2,449
<u>9,259</u>	<u>10,156</u>		<u>9,259</u>	<u>10,156</u>

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>23. Payables</b>				
		<b>Current</b>		
0	0	Accrued Salaries and Wages	18,803	19,284
0	0	Taxation and Payroll Deductions	566	1,957
19,369	21,241	Accrued Liability - Purchase of Personnel Services	0	0
51,355	42,869	Creditors	51,355	42,869
		Other Creditors		
1,568	4,800	- Capital Works	1,568	4,800
4,960	679	- Intra Health Liability	4,960	679
156	168	- Other	156	168
<u>77,408</u>	<u>69,757</u>		<u>77,408</u>	<u>69,757</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.*

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>24. Borrowings</b>				
		<b>Current</b>		
<u>5,074</u>	<u>273</u>	Other Loans and Deposits	<u>5,074</u>	<u>273</u>
<u>5,074</u>	<u>273</u>		<u>5,074</u>	<u>273</u>
		<b>Non Current</b>		
<u>8,960</u>	<u>1,169</u>	Other Loans and Deposits	<u>8,960</u>	<u>1,169</u>
<u>8,960</u>	<u>1,169</u>		<u>8,960</u>	<u>1,169</u>

Other loans still to be extinguished represent monies to be repaid to the Sustainable Energy Development Authority of \$0.842M, NSW Health Support of \$3.909M, Hunter New England Area Health Service \$3.335M and NSW Department of Health \$5.948M. Final Repayments are scheduled for 30th June 2013 for the Sustainable Energy Development Authority, 30th June 2016 for NSW Health Support, 31st December 2015 for Hunter New England Area Health Service and 30th June 2011 for NSW Department of Health.

PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>Repayment of Borrowings</b> (excluding Finance Leases)				
5,074	273	Not later than one year	5,074	273
7,048	1,094	Between one and five years	7,048	1,094
<u>1,912</u>	<u>75</u>	Later than five years	<u>1,912</u>	<u>75</u>
<u>14,034</u>	<u>1,442</u>	Total Borrowings at face value (excluding Finance Leases)	<u>14,034</u>	<u>1,442</u>

*Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 36.*

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PARENT			CONSOLIDATION	
2009	2008		2009	2008
\$000	\$000		\$000	\$000
<b>25. Provisions</b>				
<b>Current Employee benefits and related on-costs</b>				
0	0	Annual Leave - Short Term Benefit	40,850	36,653
0	0	Annual Leave - Long Term Benefit	19,248	22,379
0	0	Long Service Leave - Short Term Benefit	7,300	6,510
0	0	Long Service Leave - Long Term Benefit	70,110	70,300
137,508	135,842	Provision for Personnel Services Liability	0	0
<u>137,508</u>	<u>135,842</u>	<b>Total Current Provisions</b>	<u>137,508</u>	<u>135,842</u>
<b>Non Current Employee benefits and related on-costs</b>				
0	0	Long Service Leave - Conditional	2,122	2,229
2,122	2,229	Provision for Personnel Services Liability	0	0
<u>2,122</u>	<u>2,229</u>	<b>Total Non Current Provisions</b>	<u>2,122</u>	<u>2,229</u>
<b>Aggregate Employee Benefits and Related On-costs</b>				
137,508	135,842	Provisions - current	137,508	135,842
2,122	2,229	Provisions - non-current	2,122	2,229
0	0	Accrued Salaries and Wages and on costs (Note 23)	19,369	21,241
19,369	21,241	Accrued Liability - Purchase of Personnel Services (Note 23)	0	0
<u>158,999</u>	<u>159,312</u>		<u>158,999</u>	<u>159,312</u>
<b>26. Other Liabilities</b>				
<b>Current</b>				
254	41	Income in Advance (1)	254	41
654	1,230	Employee Entitlement transferred to HNEAHS (2)	654	1,230
<u>908</u>	<u>1,271</u>		<u>908</u>	<u>1,271</u>
<b>Non Current</b>				
224	242	St Vincent's Contractual Liability (3)	224	242
671	926	Other (4)	671	926
<u>895</u>	<u>1,168</u>		<u>895</u>	<u>1,168</u>

1 Income in Advance represents grant monies to be expended in future financial years.

2 Employee Entitlements transferred under Administrative transfer arrangements to the Hunter New England Area Health Service.

3 Contracts were entered into to transfer employees of the Health Service to St Vincent's private hospital. The liability above represents employee benefits transferred at the contract date.

4 Other represents transferred employees benefits at fixed transfer dates.

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27. Equity	Accumulated Funds		Asset Revaluation Reserve		Available for Sale Reserve		Total Equity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at the beginning of the financial year	266,770	307,123	225,740	160,020	278	0	492,788	467,143
<b>Changes in equity - transactions with owners as owners</b>								
Increase/(Decrease) in Net Assets from Administrative Restructure refer Note 27(a)	(607)	0	0	0	0	0	(607)	0
<b>Total</b>	<b>266,163</b>	<b>307,123</b>	<b>225,740</b>	<b>160,020</b>	<b>278</b>	<b>0</b>	<b>492,181</b>	<b>467,143</b>
<b>Changes in equity - other than transactions with owners as owners</b>								
Result for the year	(25,149)	(40,272)	0	0	0	0	(25,149)	(40,272)
Increment/(Decrement) on Revaluation of:								
Land and Buildings	0	0	(49,774)	63,016	0	0	(49,774)	63,016
Infrastructure Systems	0	0	(965)	2,901	0	0	(965)	2,901
<b>Total</b>	<b>(25,149)</b>	<b>(40,272)</b>	<b>(50,739)</b>	<b>65,917</b>	<b>0</b>	<b>0</b>	<b>(75,888)</b>	<b>25,645</b>
<b>Transfers within equity</b>								
Asset revaluation reserve balances transferred to accumulated funds on disposal of asset	996	(81)	(996)	81	0	0	0	0
Asset revaluation reserve balances transferred to available for sale reserves on recognition of assets held for sale	0	0	55	(278)	(55)	278	0	0
<b>Total</b>	<b>996</b>	<b>(81)</b>	<b>(941)</b>	<b>(197)</b>	<b>(55)</b>	<b>278</b>	<b>0</b>	<b>0</b>
<b>Balance at the end of the financial year</b>	<b>242,010</b>	<b>266,770</b>	<b>174,060</b>	<b>225,740</b>	<b>223</b>	<b>278</b>	<b>416,293</b>	<b>492,788</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets. This accords with the Health Service's policy on the "Revaluation of Physical Non Current Assets" and "Investments", as discussed in Note 2(j).

27. a) Increase / Decrease in Net Assets from Administrative Restructure

With effect from 1 August 2008 responsibility for the provision of food services transferred to Health Support from which the Area now purchases its food requirements. Effective 1 January 2009 responsibility for provision of pathology services transferred to Hunter New England Area Health Service from which the Area now purchases its pathology services.

Details of the equity transfer are as follows:

	2009 \$000	2008 \$000
<b>Assets</b>		
Cash	(571)	0
Inventories	(265)	0
Property, Plant & Equipment		
- Plant & Equipment	(680)	0
<b>Liabilities</b>		
Provisions	909	0
<b>Net Assets/Equity (Refer Note 27)</b>	<b>(607)</b>	<b>0</b>

**North Coast area Health Service**  
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PARENT			CONSOLIDATION	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
		<b>28. Commitments for Expenditure</b>		
		<b>(a) Capital Commitments</b>		
		Aggregate capital expenditure for the acquisition of land and buildings, plant and equipment, infrastructure and intangible assets, contracted for at balance date and not provided for:		
14,224	8,966	Not later than one year	14,224	8,966
2,937	0	Later than one year and not later than five years	2,937	0
<b>17,161</b>	<b>8,966</b>	<b>Total Capital Expenditure Commitments (including GST)</b>	<b>17,161</b>	<b>8,966</b>
		Of the commitments reported at 30 June 2009 it is expected that <b>no amount</b> will be met from locally generated moneys.		
		The Capital commitments above include commitments to the value of \$14.742M that are managed by the Health Infrastructure division of the Health Administration Corporation. Health Infrastructure are funded to manage all major capital projects greater than \$10 million on behalf of Health Services. The commitments have been included above as they relate to work in progress that has been recognised with the Health Services property, plant and equipment.		
		<b>(b) Other Expenditure Commitments</b>		
		Aggregate other expenditure contracted for the acquisition of operating expenses at balance date and not provided for:		
4,205	7,394	Not later than one year	4,205	7,394
<b>4,205</b>	<b>7,394</b>	<b>Total Other Expenditure Commitments (including GST)</b>	<b>4,205</b>	<b>7,394</b>
		<b>(c) Operating Lease Commitments</b>		
		Commitments in relation to non-cancellable operating leases are payable as follows:		
6,388	6,397	Not later than one year	6,388	6,397
7,611	8,316	Later than one year and not later than five years	7,611	8,316
68	295	Later than five years	68	295
<b>14,067</b>	<b>15,008</b>	<b>Total Operating Lease Commitments (including GST)</b>	<b>14,067</b>	<b>15,008</b>

The operating lease commitments above are for motor vehicles, information technology, equipment including personal computers, medical equipment, other equipment and buildings.

These operating leases are not recognised in the financial statements as liabilities.

Motor vehicles are leased under an ongoing master rental agreement.

Other plant and equipment leases have terms up to 8 years. Under the master rental agreements in place at the end of the lease terms the Health Service has the option to return the equipment, acquire the item at market value or renew the lease at market value. There are no contingent rental provisions within the lease agreements.

Property leases have varying terms up to 40 years. Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased by CPI per annum. In the majority of instances an option exists to renew the lease at the end of the term.

**(d) Contingent Asset related to Commitments for Expenditure**

The total of "Commitments for Expenditure" above, i.e. \$35.433 million as at 30 June 2009 includes input tax credits of \$3.201 million that are expected to be recoverable from the Australian Taxation Office.

**(e) Health Support Services**

The NSW Department of Health's policy is to progressively centralise operational functions within the Health Administration Corporation (HAC). As a result, the Service has outsourced its general ledger processing, procurements, payables, payroll, linen and food services to Health Support Services (HSS), a division of Health Administration Corporation. Service Level Agreements have been signed for the respective functions.

The amount payable to HSS in any year is determined using a number of criteria, including the level of activity and full cost recovery by HSS. A commitment figure cannot be readily determined and has not been included within the commitments above. The Service paid \$35.02M (including GST) to HSS in the 2008/09 year.



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**29. Trust Funds**

The Health Service holds trust fund moneys of \$3.063 million which are used for the safe keeping of patients' monies, deposits on hired items of equipment and Private Practice Trusts. These monies are excluded from the financial statements as the Health Service cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Patient Trust		Refundable Deposits		Private Practice Trust Funds		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash Balance at the beginning of the financial reporting period	74	61	494	545	1,265	938	1,833	1,544
Receipts	331	265	237	3,573	7,480	10,673	8,048	14,511
Less: Expenditure	317	252	626	3,624	5,875	10,346	6,818	14,222
Cash Balance at the end of the financial reporting period	<b>88</b>	<b>74</b>	<b>105</b>	<b>494</b>	<b>2,870</b>	<b>1,265</b>	<b>3,063</b>	<b>1,833</b>

**30. Contingent Liabilities**

**a) Claims on Managed Fund**

Since 1 July 1989, the Health Service has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of the Health Service all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by the Health Service. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against the Health Service. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against the Health Service.

**b) Workers Compensation Hindsight Adjustment**

Treasury Managed Fund normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 2002/03 fund year and an interim adjustment for the 2004/05 fund year were not calculated until 2008/09. As a result, the 2003/04 final and 2005/06 interim hindsight calculations will be paid in 2009/10.

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<b>PARENT</b>			<b>CONSOLIDATION</b>	
2009 \$000	2008 \$000		2009 \$000	2008 \$000
<b>31. Reconciliation Of Net Cash Flows from Operating Activities To Net Cost Of Services</b>				
14,821	23,553	Net Cash Flows from Operating Activities	14,821	23,553
(26,746)	(29,064)	Depreciation	(26,746)	(29,064)
(1,335)	(1,135)	Impairment of Receivables	(1,335)	(1,135)
0	0	Acceptance by the Crown Entity of Employee Superannuation Benefits	(8,484)	(9,018)
(2,469)	(13,557)	(Increase) in Provisions	(2,469)	(13,557)
1,211	218	Increase/(Decrease) in Prepayments and Other Assets	1,211	218
(9,278)	(21,589)	(Increase) in Creditors	(9,278)	(21,589)
(44)	(6)	Net Gain / (Loss) on Sale of Property, Plant and Equipment	(44)	(6)
(807,381)	(716,451)	NSW Health Department Recurrent Allocations	(807,381)	(716,451)
(31,476)	(26,592)	NSW Health Department Capital Allocations	(31,476)	(26,592)
<u>(862,697)</u>	<u>(784,623)</u>	<b>Net Cost of Services</b>	<u>(871,181)</u>	<u>(793,641)</u>
<b>32. Non Cash Financing and Investing Activities</b>				
<u>99</u>	<u>93</u>	Assets Received by Donation	<u>99</u>	<u>93</u>
<u>99</u>	<u>93</u>		<u>99</u>	<u>93</u>

**33. 2008/09 Voluntary Services**

It is considered impracticable to quantify the monetary value of voluntary service provided to the health service. Services provided include:

- Chaplaincies and Pastoral Care - Patient & Family Support
- Pink Ladies/Hospital Auxiliaries - Patient Services, Fund Raising
- Patient Support Groups - Practical Support to Patients and Relative
- Community Organisations - Counselling, Health Education, Transport, Home Help & Patient Activities

**34. Unclaimed Moneys**

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

All money and personal effects of patients which are left in the custody of Health Services by any patient who is discharged or dies in the hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of health services.

All such money and the proceeds of the realisation of any personal effects are lodged to the credit of the Samaritan Fund which is used specifically for the benefit of necessitous patients or necessitous outgoing patients.

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**PARENT AND CONSOLIDATED**

**35. Budget Review - Parent and Consolidated**

**Net Cost of Services**

The actual Net Cost of Services was higher than budget by \$26.695 million. This resulted mainly from activity increases in Admissions 3.3% (5,017) above 2008 and the area's inability to achieve identified expenditure and revenue savings strategies.

**Result for the Year**

The Result for the Year was \$24.605 million lower than budget. This resulted from the Net Cost of Services result noted above, partly offset by NSW Health Capital Allocation \$2.423 million higher than budget.

**Assets and Liabilities**

Current Assets were \$4.279 million higher than budget. This was due primarily to the Health Service's higher than budget Cash at Bank resulting from funding provided at year end to reduce Payables.

Non-Current Assets were lower than budget by \$57.466 million which resulted mainly from the revaluation decrement on Land, Buildings & Infrastructure of \$50.739 million, the transfer of Plant & Equipment for Pathology services to Hunter New England Area Health Service and Food Services to Health Support and under expenditure of the capital allocation as well as original budget distribution between asset categories.

Current Liabilities were higher than budget by \$22.432 million. This was mainly attributable to increased Payables. The increases in Payables was due to food service accruals recognised for the first time due to the transfer of services to Health Support and liquidity issues resulting from the higher than budget Net Cost of Services position above.

Non Current Liabilities were lower than budget by \$0.383 million which resulted from the repayment of liabilities for transferred employee entitlements.

**Cash Flows**

Operating Activities - Net inflows were higher than budget by \$3.456 million. This resulted from higher than budgeted NSW Health Department Capital Allocations of \$3.731 million.

Investing Activities - Net outflows were lower than budget by \$0.848 million. This mainly resulted from under expenditure of property, plant & equipment acquisitions of \$0.674 million.

Financing Activities - Net outflows were higher than budget by \$0.191 million. This resulted from lower than budgeted repayments of borrowings.

Movements in the level of the NSW Health Department Recurrent Allocation that have occurred since the time of the initial allocation on 27 June 2008 are as follows:

	\$000
<b>Initial Allocation, 27 June 2008</b>	<b>688,465</b>
Award Increases	9,150
Special Projects	
AIDS Enhancements	470
Aged Care Enhancements	547
Drug & Alcohol Enhancements	2,075
Mental Health Enhancements	3,451
Aboriginal Health Enhancements	971
Other	
Inter Area Patient Flows	55,874
DOH Financial Assistance	16,025
Redundancies	1,661
RDF Distribution	4,500
High Cost Drugs	557
Mini Budget Efficiency Dividend	4,864
Visiting Medical Officer Enhancements	4,771
Liquidity Assistance	13,910
Other General Enhancements	89
<b>Balance as per Operating Statement</b>	<b>807,380</b>

**North Coast Area Health Service**  
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**36. Financial Instruments**

The Health Service's principal financial instruments are outlined below. These financial instruments arise directly from the Health Service's operations or are required to finance its operations. The Health Service does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Health Service's main risks arising from financial instruments are outlined below, together with the Health Service's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risk faced by the Health Service, to set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit Committee/Internal auditors on a continuous basis.

**a) Financial Instrument Categories**

<b>PARENT</b>		Total carrying amounts as per the Balance Sheet	
		2009 \$000	2008 \$000
<b>Financial Assets</b>			
<b>Class:</b>	<b>Category</b>		
Cash and Cash Equivalents (Note 17)	N/A	10,859	11,189
Receivables (Note 18)1	Loans and receivables (at amortised cost)	7,403	10,870
Total Financial Assets		18,262	22,059
<b>Financial Liabilities</b>			
<b>Class:</b>	<b>Category</b>		
Borrowings (Note 24)	Financial liabilities measured at	14,034	1,442
Payables (Note 23)	amortised cost	77,408	69,757
Other (Note 26)2		1,549	2,398
Total Financial Liabilities		92,991	73,597

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes unearned revenue (ie not within scope of AASB 7)

<b>CONSOLIDATION</b>		Total carrying amounts as per the Balance Sheet	
		2009 \$000	2008 \$000
<b>Financial Assets</b>			
<b>Class:</b>	<b>Category</b>		
Cash and Cash Equivalents (Note 17)		10,859	11,189
Receivables (Note 18)1	Loans and receivables (at amortised cost)	7,403	10,870
Total Financial Assets		18,262	22,059
<b>Financial Liabilities</b>			
<b>Class:</b>	<b>Category</b>		
Borrowings (Note 24)	Financial liabilities measured at	14,034	1,442
Payables (Note 23)	amortised cost	77,408	69,757
Other (Note 26)2		1,549	2,398
Total Financial Liabilities		92,991	73,597

Notes

1 Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

2 Excludes unearned revenue (ie not within scope of AASB 7)

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**b) Credit Risk**

Credit risk arises when there is the possibility of the Health Service's debtors defaulting on their contractual obligations, resulting in a financial loss to the Health Service. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from financial assets of the Health Service i.e receivables. No collateral is held by the Health Service nor has it granted any financial guarantees.

Credit risk associated with the Health Services's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW Tcorp are guaranteed by the State.

**Cash**

Cash comprises cash on hand and bank balance deposited in accordance with Public Authorities (Financial Arrangements) Act approvals. Interest is earned on daily bank balances at rates of approximately 4.39% in 2008/09 compared to 6.59% in the previous year.

**Receivables - Trade Debtors**

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Department of Health Accounting Manual and Fee Procedures Manual are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Health Service will not be able to collect the amounts due. The evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Health Service is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2009:\$6,320,000; 2008: \$7,866,000) and not more than [3] months past due (2009: \$1,233,000; 2008:\$2,073,000) are not considered impaired and together these represent 89% of the total trade debtors. In addition, Patient Fees Compensables are frequently not settled within 6 months of the date of the service provision due to the length of time it takes to settle legal claims. Most of the Health Services' debtors are Health Insurance Companies or Compensation Insurers settling claims in respect of inpatient treatments. There are no debtors which are currently not past due or impaired whose terms have not been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the balance sheet. Patient Fees Ineligibles represent the majority of financial assets that are past due or impaired.

2009	\$000		
	Total	Past due but not impaired	Considered Impaired
<3 months overdue	1,233	1,097	136
3 months - 6 months overdue	388	144	244
> 6 months overdue	555	0	555
<b>2008</b>			
<3 months overdue	2,073	2,044	29
3 months - 6 months overdue	558	379	179
> 6 months overdue	1,909	581	1,328

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7.

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**c) Liquidity risk**

Liquidity risk is the risk that the Health Service will be unable to meet its payment obligations when they fall due. The Health Service continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash, investments and liquid assets and liabilities.

The Health Service has negotiated no loan outside of arrangements with the NSW Department of Health or the Sustainable Energy Development Authority.

During the current and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Health Service's exposure to liquidity risk is considered significant. However, the risk is minimised as the NSW Department of Health has indicated its ongoing financial support for the North Coast Area Health Service (refer Note 2).

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are generally settled in accordance with the policy set by the NSW Department of Health. If trade terms are not specified, payment is also generally made no later than the end of the month following the month in which an invoice or a statement is received.

In those instances where settlement cannot be effected in accordance with the above, eg. due to short term liquidity constraints, terms of payment are negotiated with creditors.

The table below summarises the maturity profile of the Health Service's financial liabilities together with the interest rate exposure.

*Maturity Analysis and interest rate exposure of financial liabilities*

	\$'000 Interest Rate Exposure					Maturity Dates			Weighted Average Effective int rate
	Fixed Interest Rate	Variable Interest Rate	Nominal Amount †	Variable Interest Rate	Non - Interest Bearing	< 1 Yr	1-5 Yr	> 5Yr	
2009	%	%	\$	\$000	\$000	\$000	\$000	\$000	%
<b>Payables:</b>									
Accrued salaries			18,803		18,803	18,803			
Wages and payroll deductions			566		566	566			
Creditors			58,039		58,039	58,039			
<b>Borrowings:</b>									
Interest Free Loan			8,137		8,137	1,226	4,916	1,995	0.00
Other Loans and Deposits	6.08 - 6.49		7,247			4,117	3,130	0	6.44
			<b>92,792</b>	<b>0</b>	<b>85,545</b>	<b>82,751</b>	<b>8,046</b>	<b>1,995</b>	
<b>2008</b>									
<b>Payables:</b>									
Accrued salaries			19,284		19,284	19,284			
Wages and payroll deductions			1,957		1,957	1,957			
Creditors			48,516		48,516	48,516			
<b>Borrowings:</b>									
Interest Free Loan			520		520	87	347	86	0.00
Other Loans and Deposits	6.08		1,229			279	950	0	6.08
			<b>71,506</b>	<b>0</b>	<b>70,277</b>	<b>70,123</b>	<b>1,297</b>	<b>86</b>	

**Notes:**

1 The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above will not reconcile to the balance sheet in respect of non interest bearing loans negotiated with the NSW Department of Health.

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**d) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Health Service's exposures to market risk are primarily through interest rate risk on the Health Service's borrowings. The Health Service has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Health Service operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

*Interest rate risk*

Exposure to interest rate risk arises primarily through the Health Service's interest bearing liabilities.

However, Health Services are not permitted to borrow external to the NSW Department of Health (Sustainable Energy Development Authority loans which are negotiated through Treasury excepted). Both SEDA and NSW Department of Health loans are set at fixed rates and therefore are generally not affected by fluctuations in market rates. For financial instruments a reasonably possible change of +/-1% is consistent with trends in interest. The Health Service's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
<b>2009</b>					
<b>Financial assets</b>					
Cash and cash equivalents	10,859	(108)	(108)	108	108
Receivables	18,314	0	0	0	0
<b>Financial liabilities</b>					
Payables	77,408	0	0	0	0
Borrowings	14,034	0	0	0	0
Other	1,803	0	0	0	0
		(108)	(108)	108	108
<b>2008</b>					
<b>Financial assets</b>					
Cash and cash equivalents	11,189	(112)	(112)	112	112
Receivables	16,738	0	0	0	0
<b>Financial liabilities</b>					
Payables	69,757	0	0	0	0
Borrowings	1,442	0	0	0	0
Other	2,439	0	0	0	0
		(112)	(112)	112	112

**e) Fair Value**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the Health Service's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value because of the short term nature of many of the financial instruments.

**37. Post Balance Date Events**

No post balance date events have occurred which warrant inclusion in this report.

END OF AUDITED FINANCIAL STATEMENTS

